

Message Text

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ACTION EB-03

INFO OCT-01 SS-14 ISO-00 ARA-06 L-01 SP-02 INR-05 INRE-00

SSO-00 /032 W
----- 018862

O 151620Z APR 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 4739

C O N F I D E N T I A L SECTION 1 OF 2 LIMA 3079

STADIS - LIMDIS//////////

E.O. 11652: GDS

TAGS: EAIR, PE

SUBJECT: CIVAIR - DISPUTE WITH PERU - FIFTH BRANIFF/AEROPERU
MEETING

REF: LIMA 2865 #

1. SUMMARY: AT FIFTH AIRLINE MEETING APRIL 14, SOTO TABLED ONE-PAGE AEROPERU PROPOSAL CONSTITUTING 24-FREQUENCY PROPOSITION MADE TO BRANIFF AT MEETING ON APRIL 3. IN DISCUSSION WHICH FOLLOWED, SOTO REFUSED TO BUDGE FROM THIS POSITION, WHICH HE EMPHASIZED IS ALSO POSITION OF GOP. SOTO ALSO FLATLY REJECTED BRANIFF'S PROPOSAL PRESENTED APRIL 7 CALLING FOR 29 FREQUENCIES. BRANIFF SAID IT WOULD CONSIDER AEROPERU'S PROPOSAL AND CONTACT AEROPERU LATER. IN SUBSEQUENT MEETING WITH AMBASSADOR, DE MURIAS SAID HE THOUGHT BRANIFF HAD COME TO END OF ROAD AND THAT TIME HAD COME FOR REINSTATEMENT OF 213 ACTION. AMBASSADOR SAID WE WOULD REPORT TO DEPARTMENT IN DETAIL FOR WASHINGTON'S DECISION. END SUMMARY.

2. FIFTH BRANIFF/AEROPERU MEETING TOOK PLACE ON APRIL 14 AND LASTED FOR TWO HOURS. SOTO BEGAN MEETING BY ASKING FOREIGN MINISTRY OBSERVER (SOLARI) TO NOTE FOR RECORD THAT ONLY DE MURIAS WAS PRESENT FROM U.S. HE THEN WENT CONFIDENTIAL

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TO SOME LENGTH TO EMPHASIZE THAT HE HAD TOLD SOUTH AT

TABLE ON APRIL 3 THAT HE HAD BEEN CALLED TO CARACAS. HE HAD LEFT REPRESENTATIVES BEHIND WITH WHOM SOUTH COULD TALK, JUST AS HE WAS NOW TALKING TO DE MURIAS. (NOTE: SOTO WAS VERY EXERCISED ON THIS POINT AND IT SEEMS PROBABLE THAT HE HAS RECEIVED SOME CRITICISM FROM GOP FOR HIS ABSENCE.)

3. SOTO THEN TABLED ONE-PAGE PROPOSAL CONSTITUTING AEROPERU'S 24-FLIGHT PROPOSAL MADE DURING APRIL 3 MEETING. HE EMPHASIZED THAT BRANIFF COULD HAVE NO MORE THAN 24 FLIGHTS - 15 TO NORTH ON BASIS OF STRICT RECIPROCITY PLUS 9 TO SOUTH, SIX TO BA VIA SANTIAGO AND THREE TO ASUNCION/LA PAZ. BRANIFF CAN ALSO FLY FOUR FLIGHTS TO BRAZIL UNTIL AEROPERU BEGINS OPERATIONS. THIS, HE STRESSED, IS GOP POSITION. (NOTE: WRITTEN PROPOSAL SPECIFIES FOUR FLIGHTS TO BRAZIL, THREE TO ASUNCION/LA PAZ, AND TWO TO SANTIAGO/BA. THIS DISCREPANCY WAS NOT CLARIFIED.)

4. DE MURIAS SAID 24 FLIGHTS VERY FEW AND NOTED THAT AEROPERU FLIES SIX TIMES WEEKLY BETWEEN MIAMI AND SANTIAGO/BA. SOTO RESPONDED THAT TRAFFIC SOUTH OF LIMA IS BY AND LARGE AEROPERU'S TRAFFIC, NOT BRANIFF'S AND THEREFORE BRANIFF HAD NO JUSTIFICATION FOR FLYING AS OFTEN AS AEROPERU. AT THIS POINT, GULMAN POINTED OUT THAT WHILE AEROPERU MIGHT ENJOY MORE RIGHTS SOUTH OF LIMA THAN BRANIFF, BRANIFF ENJOYED MORE INTERMEDIATE RIGHTS BETWEEN LIMA AND MIAMI. IN FACT, HE THOUGHT THAT TWO WERE SO EVENLY BALANCED THAT AEROPERU WOULD RECOMMEND TO GOP THAT BRANIFF NOT BE ASKED TO PAY COMPENSATION ON NONCOMPETITIVE ROUTES.

5. DE MURIAS AGAIN ASKED IF BRANIFF COULD HAVE MORE THAN 24 FREQUENCIES. SOTO RESPONDED FIRMLY IT COULD NOT AND THAT PERUVIAN SIDE WOULD NOT EVEN CONSIDER 25 FLIGHTS. DE MURIAS ASKED IF, WITHIN 24 FLIGHTS, ROUTE STRUCTURE COULD BE VARIED. SOTO SAID AEROPERU WOULD HAVE TO STUDY. DE MURIAS THEN ASKED IF HE COULD SUM UP. BRANIFF COULD HAVE NO MORE THAN 24 AND COMPOSITION OF 15 PLUS 9 IS ESSENTIAL TO AEROPERU. SOTO SAID YES, BUT ADDED THAT

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WHEN AEROPERU FLIES TO NEW YORK, THEN BRANIF COULD FLY SEVEN FROM NEW YORK, SEVEN FROM MIAMI AND THREE TO CALIFORNIA, MAKING TOTAL OF 17. AEROPERU WOULD ALSO HAVE 17, THUS MAKING FRO COMPLETE EQUALITY. DEL SOLAR THEN SAID THAT, IN OTHER WORDS, BRANIFF IS FROZEN. SOTO REPLIED NO BECAUSE EVERY SIX MONTHS TWO SIDES WOULD MEET TO DISUSS ADEQUACY OF SERVICE. DE MURIAS AGAIN ASKED WHETHER NINE FREQUENCIES AS DESCRIBED ARE FIXED,

TO WHICH SOTO REPLIED THAT HE HAD ALREADY SUGGESTED THAT BRANIFF STUDY PROPOSAL AND THAT AEROPERU WOULD ALWAYS BE WILLING TO CONSIDER OTHER SUGGESTIONS.

6. DE MURIAS ASKED IF PROPOSED TERM OF OPERATING PERMIT FOR ONE YEAR IS NEGOTIABLE, CITING NEED FOR STABILITY AND FORWARD PLANNING. AEROPERU RESPONDED THAT IF PERMIT WERE FOR MORE THAN ONE YEAR (GULMAN SUGGESTED 18 MONTHS), THEN AEROPERU WOULD HAVE TO REANALYZE ITS ENTIRE PROPOSAL. GULMAN RESPONDED AFFIRMATIVELY TO DE MURIAS' QUESTION OF WHETHER PERMIT WOULD THEN BE AMENDED TO REQUIRE BRANIFF TO TERMINATE BRAZIL SERVICE AFTER ONE YEAR.

DEAN

NOTE BY OC/T: REFTEL NOT IDENTIFIED

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ACTION EB-03

INFO OCT-01 SS-14 ISO-00 ARA-06 L-01 SP-02 INR-05 INRE-00

SSO-00 /032 W
----- 018969
O 151620Z APR 75
FM AMEMBASSY LIMA
TO SECSTATE WASHDC IMMEDIATE 4740

C O N F I D E N T I A L SECTION 2 OF 2 LIMA 3079

STADIS LIMDIS//////////

7. DE MURIAS ASKED STATUS OF BRANIFF'S APRIL 7 PROPOSAL BASED ON AEROPERU'S FEBRUARY 17 PROPOSAL. SOTO SAID PROPOSAL DID NOT MEET BASIC CRITERIA UNDERLYING FEBRUARY 17 PROPOSAL AND THEREFORE IS NOT ACCEPTABLE. FOR EXAMPLE, BRANIFF'S PROPOSAL DID NOT ACCEPT FUNDAMENTAL PERUVIAN CONCEPT OF 24-HOUR STOPOVER. DE MURIAS ASKED WHETHER AEROPERU'S 24-FREQUENCY PROPOSAL IMPLIED REJECTION OF BRANIFF'S PROPOSAL. SOTO SAID YES. DE MURIAS SAID THAT ONLY THING LEFT FOR BRANIFF IS TO DECIDE WHETHER IT CAN ACCEPT ONLY 24 FREQUENCIES; SOTO AGREED. DE MURIAS SAID THIS WOULD BE VERY DIFFICULT.

BRANIFF COULD NOT DO SO BEFORE AND CONDITIONS HAD NOT CHANGED. DEL SOLAR POINTED OUT THAT 24-FLIGHT PROPOSAL IS BASICALLY THE SAME AS OCTOBER 31 OPERATING PERMIT. GULMAN AGREED, ALTHOUGH HE SAID THERE WERE ONE OR TWO SMALL MODIFICATIONS.

8. DEL SOLAR THEN SUMMARIZED. BRANIFF'S APRIL 7 PROPOSAL IS REJECTED. SOTO SAID YES BECAUSE IT CALLS FOR 29 FLIGHTS INSTEAD OF 24. DEL SOLAR SAID THAT, ALTHOUGH THERE WERE NO RESTRICTIONS WITH RESPECT TO PASSENGERS, BRANIFF IS SERIOUSLY RESTRICTED WITH RESPECT TO ROUTES AND BRANIFF HAS NO LATITUDE IN HOW IT OPERATES THEM. GULMAN SAID THAT BRANIFF SHOULD ANALYZE ROUTE STRUCTURE, AND IF IT HAS SUGGESTION ON HOW BETTER TO SATISFY ITS NEEDS, THIS COULD BE DISCUSSED. DEL SOLAR SAID TERM

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OF PERMIT WOULD BE FOR ONE YEAR. GULMAN SAID THIS IS NEGOTIABLE. DE MURIAS RESPONDED THAT WHAT GULMAN WAS REALLY SAYING IS THAT AEROPERU DOES NOT WANT BRANIFF TO OPERATE TO BRAZIL FOR MORE THAN ONE YEAR. GULMAN AGREED.

9. DE MURIAS SAID BRANIFF WOULD HAVE TO DISCUSS PROPOSAL WITH PRINCIPALS IN DALLAS AND WITH USG AND DECIDE HOW BEST TO RESPOND. HE SAID HE WOULD BE IN TOUCH WITH SOTO WHEN DECISION IS MADE. METING THEN ADJOURNED WITH NO DATE SET FOR ANOTHER MEETING.

10. IN MEETING WITH AMBASSADOR WHICH FOLLOWED, DE MURIAS SAID HE THOUGHT THAT BRANIFF HAD COME TO END OF ROAD. AEROPERU HAS IN FACT NOT MOVED FROM ITS ORIGINAL 24-FREQUENCY POSITION, WHICH IS UNACCEPTABLE. HE SAID HE SAW LITTLE ALTERNATIVE TO REINSTATEMENT OF 213 ACTION AND RETURN TO GOVERNMENT LEVEL NEGOTIATIONS. AFTER EXPLORING POSSIBLE ALTERNATIVES, NONE OF WHICH APPEARED PROMISING TO DE MURIAS, AMBASSADOR SAID EMBASSY WOULD REPORT IN DETAIL TO DEPARTMENT AND THAT IT APPEARED NEXT STEP WOULD HAVE TO BE DECIDED IN WASHINGTON.

11. COMMENT: WE AGREE THAT BRANIFF HAS GONE ABOUT AS FAR AS IT CAN GO AND ARE DISAPPOINTED THAT SOTO HAS SHOWN SO LITTLE FLEXIBILITY. HOWEVER, WE BELIEVE THAT WE HAVE GIVEN AEROPERU/GOP EVERY OPPORTUNITY TO REACH MUTUALLY AGREEABLE SOLUTION AS REQUESTED BY BOTH PRIME MINISTER AND FOREIGN MINISTER. REINSTATEMENT OF 213 ACTION AND RENEWAL OF GOVERNMENT LEVEL NEGOTIATIONS MAY WELL BE NEXT STEPS, ALTHOUGH STAGE MAY THEN BE SET FOR RETALIATION AND CONFRONTATION. AMBASSADOR WILL CONTACT FONMIM IN THE EVENT BRANIFF HOME OFFICE DECIDES NEGOTIATIONS HAVE AGAIN

REACHED IMPASSE IN ATTEMPT TO ASCERTAIN EXISTENCE

OF ANY FLEXIBILITY ON THE PART OF GOP.

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Message Attributes

Automatic Decaptoning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AIRLINES, MEETINGS, MEETING REPORTS, NEGOTIATIONS, AIR ROUTE APPLICATIONS, AIR SCHEDULES
Control Number: n/a
Copy: SINGLE
Draft Date: 15 APR 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LIMA03079
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750131-0576
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750449/aaaabtgr.tel
Line Count: 226
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: STADIS
Reference: 75 LIMA 2865
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 08 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 SEP 2003 by BoyleJA>; APPROVED <14 NOV 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR - DISPUTE WITH PERU - FIFTH BRANIFF/AEROPERU MEETING
TAGS: EAIR, PE, US, BRANIFF, AEROPERU
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006